

Agency Proposed Budget								
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Leg. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Leg. Budget Fiscal 2001	Total Leg. Budget Fiscal 00-01
FTE	338.98	11.00	4.25	354.23	11.00	4.25	354.23	354.23
Personal Services	11,290,419	2,433,893	135,357	13,859,669	2,341,236	134,423	13,766,078	27,625,747
Operating Expenses	14,789,590	60,131,040	783,086	75,703,716	2,099,266	493,248	17,382,104	93,085,820
Equipment	236,499	(7,800)	50,000	278,699	(13,800)	50,000	272,699	551,398
Grants	1,206,058	108,591	1,093,643	2,408,292	128,033	1,094,491	2,428,582	4,836,874
Benefits & Claims	0	500,000	0	500,000	500,000	0	500,000	1,000,000
Transfers	0	0	0	0	0	0	0	0
Debt Service	0	0	0	0	0	0	0	0
Total Costs	\$27,522,566	\$63,165,724	\$2,062,086	\$92,750,376	\$5,054,735	\$1,772,162	\$34,349,463	\$127,099,839
General Fund	2,261,786	1,142,419	440,979	3,845,184	1,126,625	152,969	3,541,380	7,386,564
State/Other Special	10,530,988	60,470,270	132,843	71,134,101	2,243,260	130,053	12,904,301	84,038,402
Federal Special	14,729,792	1,553,035	1,488,264	17,771,091	1,684,850	1,489,140	17,903,782	35,674,873
Proprietary	0	0	0	0	0	0	0	0
Total Funds	\$27,522,566	\$63,165,724	\$2,062,086	\$92,750,376	\$5,054,735	\$1,772,162	\$34,349,463	\$127,099,839

Agency Description

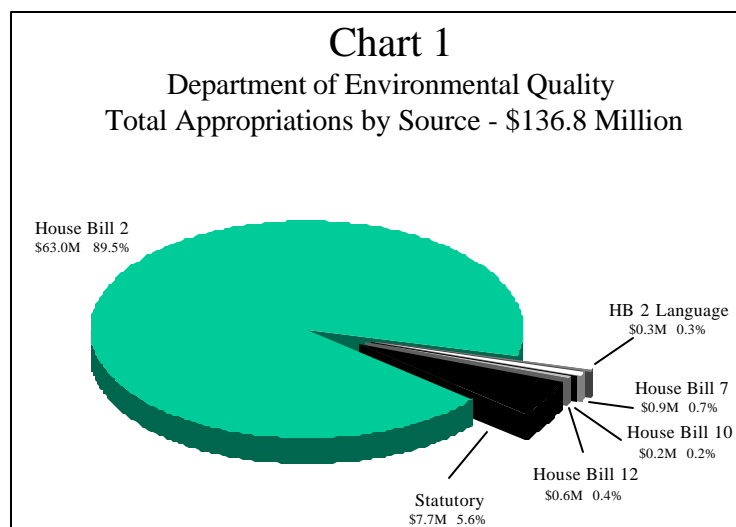
The department is responsible for regulating air quality, water quality, underground storage tanks, automobile wrecking facilities, hazardous waste facilities, solid waste management systems, and mining operations, and for siting and needs analyses of large-scale energy facilities. In addition, the department is the lead agency for reclamation and clean-up activities related to the federal and state superfund programs, leaking underground storage tanks, and regulation and permitting of mining conducted on private, state, and federal lands.

Summary of Legislative Action

The legislature approved present law changes in HB 2 adding 11.00 FTE and increasing base expenditures by \$68.2 million (\$2.3 million general fund) over the 2001 biennium compared to fiscal 1998 expenditures. Major changes include a biennial increase of \$4.8 million for full funding of personal services, an increase of \$62.2 million in operating expenses (\$57 million of which is to spend forfeited hard rock mining bonds), a decrease of \$21,600 in equipment, an increase of \$237,000 in grants, and a \$1.0 million increase in benefits and claims. New proposals in HB 2 add 4.25 FTE and \$3.8 million over the biennium, with the largest changes occurring from: 1) \$2.4 million federal clear water action plan funds and 1.00 FTE for non-point source pollution control; 2) \$536,000 federal funds and 3.0 FTE for particulate matter 2.5 monitoring; 3) \$413,000 of junk vehicle fee revenue to implement SB 166; 4) \$250,000 general fund for centralized database development; and 5) \$194,000 general fund for potential litigation costs associated with Pegasus/Apollo Gold.

Agency Discussion Total Appropriations

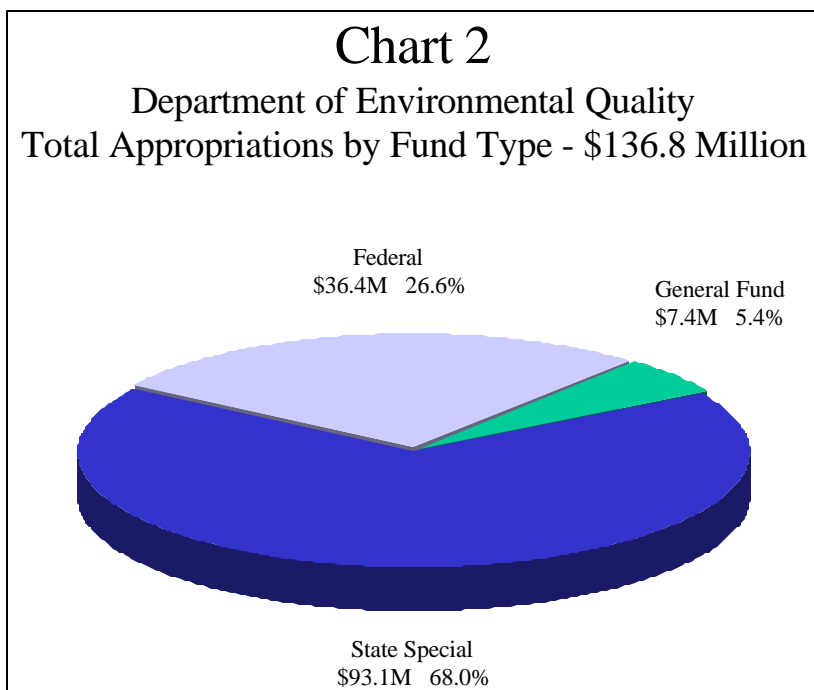
HB 2 is the means by which the legislature appropriates the majority of money used to operate the department for a biennium. However, the legislature also appropriates money to the department in other bills: 1) HB 7 appropriates money for department reclamation and development projects; 2) HB 10 appropriates federal overcharge money for state energy projects; and 3) HB 12 appropriates federal overcharge money and bond proceeds for state energy projects. Money is also appropriated to the department through a statutory appropriation to reimburse owners and operators of underground petroleum storage tanks for corrective action costs. Although HB 2 appropriates the majority of the department's total appropriations (92.9 percent),



5.6 percent is statutorily appropriated, 0.7 percent is appropriated in HB 7, 0.4 percent is appropriated in HB 12, 0.3 percent is appropriated as language appropriations in HB 2, and 0.2 percent is appropriated in HB 10 (Chart 1). Table 1A shows the appropriations from each of these sources and shows the specific purposes for which the legislature appropriated the money. Table 1B provides a comparison of 2001 biennium appropriations, by source, to appropriations for the 1999 biennium.

Table 1A Department of Environmental Quality Total Appropriations by Source/Purpose 2001 Biennium *					Table 1B Department of Environmental Quality Total Appropriations by Source/Purpose Comparison to 1999 Biennium		
Purpose	Fiscal 2000	Fiscal 2001	Total	Percent of Total	1999 Biennium Total	Biennial Difference	Percent Difference
House Bill 2 (temporary operations appropriations)							
Permitting & Compliance Division	\$70,423,234	\$12,138,631	\$82,561,865	60.35%	\$22,212,269	\$60,349,596	271.69%
Remediation Division	10,348,258	10,461,075	20,809,333	15.21%	18,486,142	2,323,191	12.57%
Planning, Prevention & Assistance Div.	10,011,604	10,039,517	20,051,121	14.66%	14,341,447	5,709,674	39.81%
Enforcement Division	1,085,923	1,080,471	2,166,394	1.58%	1,838,657	327,737	17.82%
Petro Tank Release Comp. Board	616,356	614,768	1,231,124	0.90%	2,865,628	(1,634,504)	-57.04%
Central Management Division	265,004	45,004	280,002	0.20%	67,379	212,623	315.56%
Subtotal	\$92,750,376	\$34,349,463	\$127,099,839	92.90%	\$59,811,522	\$67,288,317	112.50%
House Bill 2 (language appropriations)							
Federal clean water action plan	\$172,000	\$172,000	\$344,000	0.25%	\$0	\$344,000	NA
House Bill 6 (continuing renewable resource grant appropriations)							
Planning grant to small communities	\$0	\$0	\$0	0.00%	\$100,000	(\$100,000)	-100.00%
House Bill 7 (continuing reclamation & development grant appropriations)							
Toston smelter reclamation	\$300,000		\$300,000	0.22%			
Frohner mine reclamation	300,000		300,000	0.22%			
Great republic smelter reclamation	300,000		300,000	0.22%			
Subtotal	\$900,000	\$0	\$900,000	0.66%	\$574,954	\$325,046	56.53%
House Bill 10 (federal oil overcharge biennial appropriations)							
State energy program	\$72,500	\$72,500	\$145,000	0.11%			
Grant for appropriate technology	25,000	25,000	50,000	0.04%			
Energy-efficient house design book	20,000	20,000	40,000	0.03%			
Subtotal	\$117,500	\$117,500	\$235,000	0.17%	\$524,500	(\$289,500)	-55.20%
House Bill 12 (state building energy conservation biennial appropriations)							
State energy conservation program	\$100,000		\$100,000	0.07%			
State energy conserv. program (bonds)	450,000		450,000	0.33%			
Subtotal	\$550,000	\$0	\$550,000	0.40%	\$725,000	(\$175,000)	-24.14%
House Bill 584 (orphan share account appropriations)							
Orphan share CECRA reimbursements	\$0	\$0	\$0	0.00%	\$1,920,000	(\$1,920,000)	-100.00%
Statutory appropriations							
Petro board tank release reimbursements	\$3,840,767	\$3,840,767	\$7,681,534	5.61%	\$12,000,000	(\$4,318,466)	-35.99%
Total	\$98,330,643	\$38,479,730	\$136,810,373	100.00%	\$75,655,976	\$61,154,397	80.83%
* In addition to 2001 biennium appropriations, the legislature appropriated \$6,181,918 for fiscal 1999 in HB 4. Pay plan appropriations in HB 13 were not known when this was printed and are not included.							

The legislature has numerous sources of revenue that are available to appropriate for the various tasks it assigns the department. Chart 2 shows total appropriations by fund type. State special revenue funds the largest share or 68.0 percent of the department's total appropriations, followed by federal funds at 26.6 percent, and general fund at 5.4 percent. Specific revenue sources within each of these fund types are shown in Table 2A. Table 2B provides a comparison of 2001 biennium appropriations, by revenue source, to appropriations for the 1999 biennium. The department's largest single funding source is from forfeiture of hard rock mining reclamation bonds. The legislature appropriated \$57.0 million



contingent on these bonds being forfeited. The department's second largest single funding source is from gasoline dealers' license taxes to operate the underground petroleum storage tank program and provide reimbursements to tank owners and operators for corrective action costs. Federal funds from EPA performance partnership grants (a combination of many past categorical grants) constitute the department's third largest funding source. Resource Indemnity Trust (RIT) interest and proceeds are significant sources of funding for the department. Please see Resource Indemnity Trust in the "Agency Discussion" section of the Department of Natural Resources and Conservation for information on substantial changes made by the 1999 legislature to the RIT.

Table 2A Department of Environmental Quality Total Appropriations by Revenue Source 2001 Biennium *								Table 2B Department of Environmental Quality Total Appropriations by Revenue Source Comparison to 1999 Biennium		
Revenue Source	HB 2**	HB 7	HB 10	HB 12	Statutory Approp.	Total	Percent of Total	1999 Biennium Total	Biennial Difference	Percent Difference
General Fund	\$7,386,564					\$7,386,564	5.40%	\$5,064,073	\$2,322,491	45.86%
State Special Revenue										
Reclamation bond forfeitures	\$57,000,000					\$57,000,000	41.66%	\$1,040,811	\$55,959,189	5376.50%
Gas tax for petro tank cleanup	3,079,352				\$7,681,534	10,760,886	7.87%	14,869,628	(4,108,742)	-27.63%
RIT interest and proceeds	6,970,366	\$900,000				7,870,366	5.75%	8,978,482	(1,108,116)	-12.34%
Air quality fees	4,438,264					4,438,264	3.24%	3,956,162	482,102	12.19%
Vehicle fees (junk vehicle)	2,780,223					2,780,223	2.03%	2,264,974	515,249	22.75%
Subdivision plat review fees	1,848,034					1,848,034	1.35%	1,569,482	278,552	17.75%
Sewage/industrial waste fees	1,602,670					1,602,670	1.17%	1,494,157	108,513	7.26%
Public water supply system fees	1,274,955					1,274,955	0.93%	1,360,927	(85,972)	-6.32%
Major facility siting filing fees	1,180,221					1,180,221	0.86%	1,493,538	(313,317)	-20.98%
Solid waste management fees	1,050,457					1,050,457	0.77%	1,025,046	25,411	2.48%
Underground storage tank fees	1,015,712					1,015,712	0.74%	937,836	77,876	8.30%
Private entities/companies	836,933					836,933	0.61%	1,057,873	(220,940)	-20.89%
Bond proceeds	95,471			\$450,000		545,471	0.40%	744,855	(199,384)	-26.77%
Asbestos control permit fees	341,594					341,594	0.25%	203,204	138,390	68.10%
Water & wastewater operators	209,729					209,729	0.15%	128,633	81,096	63.04%
Miscellaneous state special	131,958					131,958	0.10%	456,000	(324,042)	-71.06%
Metal mines reclamation fees	83,886					83,886	0.06%	164,975	(81,089)	-49.15%
Hazardous waste fees	68,577					68,577	0.05%	68,000	577	0.85%
Pesticide registration fees	30,000					30,000	0.02%	30,562	(562)	-1.84%
Alternative energy loan repay.						0	0.00%	49,977	(49,977)	-100.00%
Subtotal	\$84,038,402	\$900,000	\$0	\$450,000	\$7,681,534	\$93,069,936	68.03%	\$41,895,122	\$51,174,814	122.15%
Federal										
EPA perform. partnership grants	\$8,085,924					\$8,085,924	5.91%	\$6,016,059	\$2,069,865	34.41%
Abandoned mines reclamation	7,536,976					7,536,976	5.51%	9,150,071	(1,613,095)	-17.63%
Nonpoint source pollution	2,936,199					2,936,199	2.15%	507,599	2,428,600	478.45%
EPA drinking water	2,876,519					2,876,519	2.10%	1,871,660	1,004,859	53.69%
Leaking underground storage	2,540,007					2,540,007	1.86%	1,867,923	672,084	35.98%
EPA clean water action plan	2,785,462					2,785,462	2.04%	0	2,785,462	NA
EPA superfund	2,431,812					2,431,812	1.78%	3,145,278	(713,466)	-22.68%
Coal and uranium	1,793,375					1,793,375	1.31%	2,012,861	(219,486)	-10.90%
Energy	1,249,642					1,249,642	0.91%	2,062,813	(813,171)	-39.42%
Forest Service, BLM, other	1,000,000					1,000,000	0.73%	0	1,000,000	NA
Wetlands	899,184					899,184	0.66%	0	899,184	NA
Wastewater treatment	868,610					868,610	0.63%	730,347	138,263	18.93%
Ambient air monitoring (PM 2.5)	543,837					543,837	0.40%	0	543,837	NA
EPA water quality	401,326					401,326	0.29%	610,810	(209,484)	-34.30%
Oil overcharge			\$235,000	\$100,000		335,000	0.24%	624,500	(289,500)	-46.36%
Department of Defense	70,000					70,000	0.05%	59,219	10,781	18.21%
FDA mammography						0	0.00%	21,680	(21,680)	-100.00%
Subtotal	\$36,018,873	\$0	\$235,000	\$100,000	\$0	\$36,353,873	26.57%	\$28,680,820	\$7,673,053	26.75%
Proprietary										
Central Mgn. internal service	\$0					\$0	0.00%	\$15,960	(\$15,960)	-100.00%
Total Funding	\$127,443,839	\$900,000	\$235,000	\$550,000	\$7,681,534	\$136,810,373	100.00%	\$75,655,975	\$61,154,398	80.83%
* In addition to 2001 biennium appropriations, the legislature appropriated \$2,491,918 federal funds and \$3,690,000 state special revenue (to spend reclamation bond proceeds) for fiscal 1999 in HB 4. Pay plan appropriations in HB 13 were not know when this was printed and are not included.										
** Includes \$344,000 in language appropriations.										

Total Maximum Daily Load

Background

The 1997 legislature enacted HB 546, which established a total maximum daily load (TMDL) program for state waters. TMDL refers to the total amount of pollutants from all sources that could be discharged in state waters without violating water quality standards. Both the department and the Department of Natural Resources and Conservation are involved in this program. The legislation requires the department to assess state waters, identify those that are threatened or impaired, and establish a priority ranking for development of TMDL for those waters. The department must, by October 1, 1999, revise and prioritize the list of threatened or impaired waters and remove any waters for which data do not support listing. The list must be reviewed every five years. The department has until May 5, 2007, to develop TMDL for all waters on the list of waters that are threatened or impaired. The 1997 legislature appropriated to the Department of Environmental Quality \$948,766 general fund to implement HB 546 and fund 9.00 FTE for the 1999 biennium. It also directed that the following federal non-point source pollution control money already appropriated in HB 2 for the biennium be used as follows: 1) \$507,600 in the department to address TMDL; and 2) \$2,043,535 in DNRC to address water quality impaired streams. During the interim, the Governor approved a transfer of the Department of Natural Resources and Conservation appropriations of federal non-point source pollution control money to the Department of Environmental Quality. The amounts transferred were \$1,019,898 in fiscal 1998 and \$1,021,728 in fiscal 1999. Also included in the transfer were 5.40 FTE.

1999 Legislative Action

Of the \$948,766 general fund appropriated to fund the TMDL program in the 1999 biennium, the legislature continued general fund appropriations at \$658,724 in fiscal 2000 and \$657,133 in fiscal 2001. The legislature also specifically appropriated federal non-point source pollution control funds at \$354,697 in fiscal 2000 and \$353,841 in fiscal 2001. In total, the legislature appropriated \$2,024,395 over the biennium for the TMDL program (Table 3).

Table 3 Total Maximum Daily Load 2001 Biennium Costs & Funding			
Budget Item	Fiscal 2000	Fiscal 2001	Biennium
FTE*	9.00	9.00	9.00
General Fund			
Base Expenditures	\$331,514	\$330,443	\$661,957
Present Law Increase	327,210	326,690	653,900
Federal Funds			
Base Expenditures	\$178,507	\$177,931	\$356,438
Present Law Increase	176,190	175,910	352,100
Total			
General Fund	\$658,724	\$657,133	\$1,315,857
Federal Funds	354,697	353,841	708,538
Total	\$1,013,421	\$1,013,421	\$2,024,395

Other Legislation

House Bill 7 - The legislature appropriated \$3,233,197 of RIT interest to the Department of Natural Resources and Conservation for reclamation and development projects. Included in the appropriation is \$900,000 to the Department of Environmental Quality for: 1) Toston Smelter reclamation - \$300,000; 2) Frohner Mine reclamation - \$300,000; and 3) Great Republic Smelter reclamation - \$300,000. See the Long-Range Planning section in Volume 2 for a list of specific projects funded in HB 7. There may not be enough money to fund all the projects in the 2001 biennium (see Resource Indemnity Trust in the "Agency Discussion" section for the Department of Natural Resources and Conservation).

House Bill 10 - The legislature appropriated \$1,301,000 of federal overcharge money for various energy saving projects. Although most was appropriated to other agencies, \$235,000 was appropriated to the department to: 1) fund the state energy program - \$145,000; 2) grant money to the National Center for Appropriate Technology to initiate the formation of a Montana advanced transportation technologies consortium focusing on vehicles powered by two-stroke engines - \$50,000; and 3) assist in the production and distribution of a plan book containing affordable, energy-efficient house designs - \$40,000.

House Bill 12 - The legislature appropriated \$3.0 million of bond proceeds to the department to fund various energy

conservation projects under the State Building Energy Conservation Program for state agencies listed in the legislation. In addition, \$100,000 of carryover federal oil overcharge money and \$450,000 of bond proceeds appropriated by past legislatures (but not spent) were appropriated to the department to prepare and implement energy conservation projects.

In addition to the above legislation appropriating money to the department, the following legislation has significant fiscal or programmatic impacts on the department.

House Bill 69 – HB 69 de-earmarked certain funds from state special revenue to the general fund and eliminated certain statutory appropriations. For the department, the legislation de-earmarked alternative energy revenue.

House Bill 74 - HB 74 revised the following provisions of the water pollution control and drinking water state revolving funds: 1) uses of bond proceeds were expanded to include administration costs; 2) payments of loan principal can now be transferred between the two revolving funds; 3) the DNRC can use excess loan loss reserve funds (money, determined by DNRC to be excess, from an additional rate charged to borrowers to provide a reserve for repayment of the bonds) to make grants to aid in the feasibility of projects; and 4) an increase in general obligation bonding authority from \$10 million to \$20 million was authorized for the drinking water state revolving fund.

House Bill 110 - HB 110 authorized an increase in the codified general obligation bonding authority from \$10 million to \$30 million for the water pollution control state revolving fund.

House Bill 158 - HB 158 amends the Montana Underground Storage Tank Installer Licensing and Permitting Act and the Underground Storage Tank Law. The legislation: 1) requires an inspector of underground storage tank systems to be licensed; 2) establishes licensing procedures; 3) requires underground tank inspections; 4) creates a lien in favor of the state for costs incurred in closing a tank; and 5) increases the maximum fee for tanks over 1,100 gallons from \$50 to \$70. Although the executive identified tank closure costs of \$100,000 for the biennium due to the legislation, no appropriations were requested from the legislature.

House Bill 486 - HB 486: 1) requires the department to consider institutional controls when selecting remedial actions for a release of hazardous substances; 2) requires the reduction of remedial action costs recovered from an orphan share by the amount a potentially liable person recovers from a financially responsible party (an insurance company for example); and 3) allows the department to initiate court action against a potentially liable party or a financially responsible party to recover orphan share costs. Although the executive estimated costs of \$447,500 over the biennium for 0.50 FTE and costs of researching and pursuing litigation to recover remedial action costs reimbursed from the orphan share account from insurance proceeds, no appropriations were requested from the legislature.

House Bill 596 - HB 596 requires the department to: 1) provide for the use of appropriate new methods, materials, and models in evaluation, design, and construction as they relate to water quality; and 2) compile department organizational information, statutes, rules, permitting information, standards, and bulletins related to water quality. The first compilation must be complete and made available in hard copy and for electronic access by January 31, 2000.

House Bill 617 - HB 617 revises the makeup of the Petroleum Tank Release Compensation Board and makes significant changes in the staffing pattern of the petroleum tank cleanup program. The legislation: 1) replaces the director of the Department of Environmental Quality and a representative of the state fire prevention and investigation program with a representative of the financial industry and an attorney with experience in environmental law; 2) removes the allowance for the board to hire and pay staff (the department must provide staff support); and 3) requires the board to pay costs of reviewing and processing claims for reimbursement submitted by tank owners and operators. Although the legislation disallows the board from hiring its own staff, the 10.00 FTE and \$677,033 in personal services appropriated in HB 2 to the Petroleum Tank Release Compensation Board program remain with the board appropriations.

Senate Bill 21 - SB 21 transferred the responsibilities under the Occupational Health Act from the Department of Environmental Sciences to the Department of Labor and Industry. Although 1.00 FTE and \$99,123 general fund over the biennium was appropriated in the base of the department for this act, the legislature did not transfer these appropriations

to the Department of Labor and Industry in HB 2 upon passage and approval of SB 21.

Senate Bill 64 - SB 64: 1) exempts applications to transfer portable emission sources from one location to another from the requirements of environmental impact statements; and 2) removes the requirement that air quality operating permit fees and air quality construction permit fees be maintained in separate accounts.

Senate Bill 126 - SB 126 repeals current laws governing septic tank pumpers in Title 37 and establishes them in Title 75, effective January 1, 2000. License fees for septic pumpers are increased from \$25 to \$125 (40 percent of which is returned to the county). Although the executive estimated that the fee increase would generate an additional \$27,400 over the biennium, the legislature was not asked to appropriate additional funding.

Senate Bill 166 - SB 166 revises portions of the state's junk vehicle program. The legislation: 1) allows the sheriff of a county or the chief of police of a city in which the abandoned vehicle is stored to request reimbursement from the program for hired removal charges; 2) allows money received from the sale of junk vehicles or from vehicle recycling to be used for the removal of abandoned vehicles; and 3) stipulates that appropriations for abandoned vehicle removal is subject to the availability of funding. The legislature appropriated \$412,844 over the biennium in additional abandoned vehicle fee money to implement provisions of SB 166 and to hire 0.25 FTE.

Senate Bill 462 - SB 462 enacts the Environmental Control Easement Act. The legislation allows the establishment of easements that relinquish certain rights to use the land, its surface, subsurface, or water on a site that contains hazardous wastes or may require remediation, reclamation, or restoration. Although the executive estimated that it would cost \$40,320 and 0.45 FTE to implement the legislation, the legislature was not asked to appropriate additional funding.

Agency Budget Comparison								
Budget Item	Base Budget Fiscal 1998	Executive Budget Fiscal 2000	Legislative Budget Fiscal 2000	Leg - Exec. Difference Fiscal 2000	Executive Budget Fiscal 2001	Legislative Budget Fiscal 2001	Leg - Exec. Difference Fiscal 2001	Biennium Difference Fiscal 00-01
FTE	338.98	359.98	354.23		361.98	354.23		
Personal Services	11,290,419	14,039,972	13,859,669	(180,303)	14,010,874	13,766,078	(244,796)	(425,099)
Operating Expenses	14,789,590	41,287,513	75,703,716	34,416,203	25,118,481	17,382,104	(7,736,377)	26,679,826
Equipment	236,499	278,699	278,699	0	272,699	272,699	0	0
Grants	1,206,058	1,314,649	2,408,292	1,093,643	1,334,091	2,428,582	1,094,491	2,188,134
Benefits & Claims	0	500,000	500,000	0	500,000	500,000	0	0
Transfers	0	0	0	0	0	0	0	0
Debt Service	0	0	0	0	0	0	0	0
Total Costs	\$27,522,566	\$57,420,833	\$92,750,376	\$35,329,543	\$41,236,145	\$34,349,463	(\$6,886,682)	\$28,442,861
General Fund	2,261,786	3,902,920	3,845,184	(57,736)	3,892,712	3,541,380	(351,332)	(409,068)
State/Other Special	10,530,988	29,601,353	71,134,101	41,532,748	13,295,044	12,904,301	(390,743)	41,142,005
Federal Special	14,729,792	23,916,560	17,771,091	(6,145,469)	24,048,389	17,903,782	(6,144,607)	(12,290,076)
Proprietary	0	0	0	0	0	0	0	0
Total Funds	\$27,522,566	\$57,420,833	\$92,750,376	\$35,329,543	\$41,236,145	\$34,349,463	(\$6,886,682)	\$28,442,861

Executive Budget Comparison

The legislature increased the total executive funding request, but decreased the requested FTE by 6.00 FTE in fiscal 2000 and by 8.00 FTE in fiscal 2001. Following are the major changes to the Executive Budget approved by the legislature. In anticipation of the expenditure of forfeited and future forfeitures of hard rock mining bonds, the legislature approved \$42,011,094 in additional appropriations to spend the money. Because of money received from the natural resources damage lawsuit, the legislature did not approve \$14,700,000 over the biennium of federal superfund money. The legislature added new proposals for: 1) 1.00 new FTE and \$2,441,462 over the biennium to spend federal non-point source pollution control money to implement watershed restoration projects; and 2) 0.25 FTE and \$412,844 over the biennium to spend junk vehicle fees for increased duties authorized in SB 166. The legislature did not approve the addition of 7.00 FTE and \$719,170 over the biennium for additional staff for permitting and compliance activities in the air quality and public water supply programs. An executive general fund request for centralized database development was reduced by \$250,000, and a request for development of a \$146,000 state special funded database was not approved.

Appropriations to spend Montana Environmental Policy Act fees were reduced by \$215,412. An increase of 2.00 FTE and \$173,735 general fund for enforcement activities also were not approved. The correction of an error in the base added 1.05 FTE and \$122,948 federal funds which does not show as differences in the above table. The legislature approved funding switches reducing general fund by \$219,456 and increasing state special revenue by a like amount. Funding switches as a result of HB 69 resulted in an increase of \$149,948 general fund over the biennium and a decrease in state special revenue from the alternative energy account of a like amount.

Language

"The department is appropriated up to \$172,000 of additional federal spending authority during each year of the 2001 biennium for the purpose of complying with the clean water action plan when the use of the funds is identified and when the funds become available from EPA. These funds are awarded through the water pollution 106 section of the EPA performance partnership grant."

Program Proposed Budget								
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Leg. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Leg. Budget Fiscal 2001	Total Leg. Budget Fiscal 00-01
FTE	.00	.00	.00	.00	.00	.00	.00	.00
Personal Services	1,400	750	0	2,150	750	0	2,150	4,300
Operating Expenses	9,711	3,140	250,000	262,851	3,140	0	12,851	275,702
Total Costs	\$11,111	\$3,890	\$250,000	\$265,001	\$3,890	\$0	\$15,001	\$280,002
General Fund	11,111	3,890	250,000	265,001	3,890	0	15,001	280,002
State/Other Special	0	0	0	0	0	0	0	0
Federal Special	0	0	0	0	0	0	0	0
Proprietary	0	0	0	0	0	0	0	0
Total Funds	\$11,111	\$3,890	\$250,000	\$265,001	\$3,890	\$0	\$15,001	\$280,002

Program Description

The Central Management Division of the Department of Environmental Quality consists of the Director's Office and a Centralized Services office. The Director's Office includes the director's staff, a centralized Legal Services Unit, and a centralized Personnel Office. It is the organizational component of the agency that is responsible and accountable for the administration, management, planning, and evaluation of agency performance in carrying out department mission and statutory responsibilities. The Centralized Services office provides budgeting, accounting, procurement, contract management, and information services support to other divisions.

Funding

The primary functions of this division are funded with proprietary funds (non-budgeted) and are not appropriated in HB 2. The funding in HB 2 consists of general fund for Board of Environmental Review expenses, as described below.

Present Law Adjustments						
Present Law Description	Fiscal 2000 FTE	Fiscal 2000 General Fund	Fiscal 2000 Total Funds	Fiscal 2001 FTE	Fiscal 2001 General Fund	Fiscal 2001 Total Funds
Statewide Present Law						
Personal Services			(1,400)			(1,400)
Inflation/Deflation			5			5
Total Statewide Adjustments			(\$1,395)			(\$1,395)
Present Law Adjustments						
1 Board of Environmental Review	.00	5,285	5,285	.00	5,285	5,285
Total PL Adjustments	.00	\$5,285	\$5,285	.00	\$5,285	\$5,285
Present Law Adjustments Total			\$3,890			\$3,890

Present Law Adjustments

The table above shows the changes made by the legislature to the adjusted base budget. Statewide adjustments are standard categories of adjustments globally applied by the legislature to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 1 - Board of Environmental Review - The legislature appropriated additional funding for: 1) board per diem - \$2,150 each fiscal year; 2) legal costs - \$1,567 each fiscal year; and 3) travel - \$1,568 each fiscal year. The board was not at full membership during fiscal 1998, and travel costs are anticipated to increase because a new member has to travel from eastern Montana.

New Proposals						
Description	Fiscal 2000 FTE	Fiscal 2000 General Fund	Fiscal 2000 Total Funds	Fiscal 2001 FTE	Fiscal 2001 General Fund	Fiscal 2001 Total Funds
2 Database Development	.00	250,000	250,000	.00	0	0
Total New Proposals	.00	\$250,000	\$250,000	.00	\$0	\$0

New Proposals

DP 2 - Database Development - The legislature approved a one-time biennial appropriation of \$250,000 general fund to develop an information management system database. The system will reduce the redundancy associated with maintaining several project-level databases, increase overall efficiency by centralizing many database maintenance tasks, and provide the means for increased access to department information. Since the legislature appropriated money for many databases in other divisions that must be upgraded to Oracle, this appropriation will integrate them into a common information system.

Proprietary Rates

Program Description

DEQ Indirect Proprietary Account - The account receives revenue from charges to other divisions based on personal services expenditures. Rates are set to recover enough money to pay anticipated costs in the Central Management Division, after consideration of the fund balance. Specific indirect rates approved by the legislature are:

Fiscal 2000 - 23%

Fiscal 2001 - 23%

Significant Present Law

The legislature approved an executive proposal for 5.00 FTE per fiscal year to support the conversion of its desktop operating system from Windows 3.x to Windows 95 and Windows NT. These FTE are for the conversion itself and also to maintain and support the new operating systems, once in place. The department stated that staff workloads have increased significantly due to the following information technology changes: 1) implementation of the new MTPRRIME applications; 2) conversion to the network operating system requiring Windows 95; 3) conversion to the state standard of Oracle for department-wide databases; 4) new state e-mail standard (Microsoft Exchange); and 5) compliance with the new state desktop operating system standards.

The amount of this adjustment is \$282,840 for fiscal 2000 and \$226,672 for fiscal 2001. This includes personal service costs (\$169,390 in fiscal 2000 and \$168,222 in fiscal 2001), as well as operating costs associated with these positions (\$113,450 in fiscal 2000 and \$58,450 in fiscal 2001). These costs represent 3 percent of the total indirect cost rate of 23 percent.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Leg. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Leg. Budget Fiscal 2001	Total Leg. Budget Fiscal 00-01
FTE	88.03	3.50	4.00	95.53	3.50	4.00	95.53	95.53
Personal Services	2,686,807	997,501	130,498	3,814,806	980,090	129,600	3,796,497	7,611,303
Operating Expenses	3,653,222	858,617	214,123	4,725,962	903,065	215,049	4,771,336	9,497,298
Equipment	196,084	0	50,000	246,084	0	50,000	246,084	492,168
Grants	131,109	0	1,093,643	1,224,752	0	1,094,491	1,225,600	2,450,352
Total Costs	\$6,667,222	\$1,856,118	\$1,488,264	\$10,011,604	\$1,883,155	\$1,489,140	\$10,039,517	\$20,051,121
General Fund	1,138,739	673,430	74,979	1,887,148	666,480	74,969	1,880,188	3,767,336
State/Other Special	824,069	230,270	(74,979)	979,360	227,952	(74,969)	977,052	1,956,412
Federal Special	4,704,414	952,418	1,488,264	7,145,096	988,723	1,489,140	7,182,277	14,327,373
Total Funds	\$6,667,222	\$1,856,118	\$1,488,264	\$10,011,604	\$1,883,155	\$1,489,140	\$10,039,517	\$20,051,121

Program Description

The division: 1) monitors air and water quality conditions and trends, and assesses sources and severity of pollution problems; 2) works in the areas of air quality, water quality, land conservation, and energy efficiency to find ways to prevent pollution before it occurs; 3) provides planning for energy, watershed, airshed, and solid and hazardous waste management; 4) helps develop water Total Maximum Daily Loads; 5) coordinates the department's positions on environmental legislation, proposes rules and policy, and develops environmental protection criteria; 6) provides economic modeling and analysis; 7) finances energy retrofits to public buildings, and construction and improvement of community drinking water and wastewater systems; and 8) provides technical assistance, education and outreach regarding energy efficiency, occupational health, indoor air quality and radon. The division consists of four bureaus: Monitoring and Data Management, Pollution Prevention, Resource Protection Planning, and Technical and Financial Assistance.

Program Reorganization

The 1997 legislature moved the majority of the federally funded non-point source pollution control and the wetlands programs from the Department of Environmental Quality to the Department of Natural Resources and Conservation. The legislature directed that the federal non-point source pollution control money be used to address water quality impaired streams. During the interim, the Governor approved a transfer of DNRC appropriations of these federal funds back to DEQ. The stated reasons for the move are: 1) the Department of Environmental Quality is properly structured to administer the programs; 2) there is a link with the non-point source pollution control funds and the total maximum daily load program administered by the Department of Environmental Quality; 3) there was a possibility of losing unspent federal funds if the programs remained in the Department of Natural Resources and Conservation; and 4) the Department of Environmental Quality can use the money to fund short-term exemptions from water quality standards and compliance certifications under section 401 of the federal clean water act. Amounts transferred were \$1,019,898 in fiscal 1998 and \$1,021,728 in fiscal 1999. Also included in the transfer were 5.40 FTE. The 1999 legislature approved the expenditure of all these federal funds in the Department of Environmental Quality.

Funding

This division is funded from general fund and numerous sources of state and federal special revenue. Specific funding sources for the division are shown in Table 4. The primary state special revenue funding sources are from air quality operating permit fees set by the Board of Environmental Quality according to 75-2-220, MCA, and 26 percent of interest earnings from the resource indemnity trust deposited in the Hazardous Waste/CERCLA account.

The largest federal funding sources are the EPA performance partnership grant, which is a block grant to fund a wide-range of environmental activities; non-point source pollution control funding, a portion of which is used to fund the TMDL program; EPA funding from the clean water action plan for non-point source pollution control; and allowable administrative costs for the drinking water state revolving fund. The 1997 legislature moved most of the federal non-point source pollution funds from this division to the Department of Natural Resources and Conservation. However, due to executive reorganization, these funds are appropriated by the legislature in this division.

Table 4 Planning, Prevention & Assistance Division 2001 Biennium Funding		
Funding Source	Fiscal 2000	Fiscal 2001
General Fund	\$1,887,148	\$1,880,188
State Special Revenue		
Air Quality Operating Fees	\$518,375	\$516,607
Hazardous Waste CERCLA (RIT)	150,406	151,628
NPDES Permit Program	81,801	81,430
Miscellaneous State Special Revenue	63,358	62,600
Solid Waste Management Fees	62,163	61,912
Bond Proceeds Administration	47,807	47,664
Air Quality Permit Fees	30,450	30,211
ARCO	20,000	20,000
Agricultural Monitoring	5,000	5,000
Subtotal	\$979,360	\$977,052
Federal Funds		
EPA Performance Partnership Grant	\$1,485,069	\$1,481,624
Non-Point Source Pollution Control	1,339,981	1,337,909
EPA Clean Water Action Plan	1,220,303	1,221,159
EPA Drinking Water SRF	1,117,605	1,161,124
Energy/FSD	625,018	624,624
Wetlands Grant	449,545	449,639
Ambient Air Monitoring	272,015	271,822
Waste Water Treatment SRF	238,992	238,269
EPA Water Quality	200,894	200,432
EPA Construction Grant	195,674	195,675
Subtotal	\$7,145,096	\$7,182,277
Total	<u>\$10,011,604</u>	<u>\$10,039,517</u>

Present Law Adjustments						
Present Law Description	Fiscal 2000 FTE	Fiscal 2000 General Fund	Fiscal 2000 Total Funds	Fiscal 2001 FTE	Fiscal 2001 General Fund	Fiscal 2001 Total Funds
Statewide Present Law						
Personal Services			881,718			865,093
Inflation/Deflation			14,541			12,063
Fixed Costs			48,474			53,854
Total Statewide Adjustments			\$944,733			\$931,010
Present Law Adjustments						
1 Source Water Assessment-SRF	2.50	0	513,969	2.50	0	547,381
2 Biological Standards for Waters	1.00	0	59,038	1.00	0	59,046
3 Total Maximum Daily Load	.00	327,210	503,400	.00	326,690	502,600
4 Drinking Water State Revolving Fund	.00	0	308,453	.00	0	318,977
7 Federal Drinking Water Decrease	.00	0	(155,295)	.00	0	(155,499)
8 Decrease in Federal NPS Operations	.00	0	(148,237)	.00	0	(148,167)
9 Federal Wetlands Contract Decrease	.00	0	(329,171)	.00	0	(329,053)
10 Indirect Costs	.00	21,239	38,619	.00	20,719	38,231
11 Leased Vehicles	.00	3,475	22,860	.00	2,864	20,880
12 Statewide Water Monitoring System	.00	0	55,000	.00	0	55,000
13 Database Conversion	.00	0	50,000	.00	0	50,000
14 Statewide Fixed Costs	.00	(1,693)	(7,251)	.00	(1,697)	(7,251)
Total PL Adjustments	3.50	\$350,231	\$911,385	3.50	\$348,576	\$952,145
Present Law Adjustments Total			\$1,856,118			\$1,883,155

Present Law Adjustments

The table above shows the changes made by the legislature to the adjusted base budget. Statewide adjustments are standard categories of adjustments globally applied by the legislature to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 1 - Source Water Assessment-SRF - The legislature appropriated additional federal funding for 2.50 FTE and an expansion of the source water assessment program. This program is part of the overall federal drinking water state revolving fund (SRF). The 1997 legislature revised the state's safe drinking water statutes in HB 483. The revisions included the creation of a new "nonproject account" into which deposits of up to 10 percent each year of the federal capitalization grant and the state's match (in equal amounts) can be used to: 1) develop a public water supervision program; 2) provide technical assistance through source water protection programs; 3) develop a capacity development strategy; and 4) administer an operator certification program. This appropriation provides specific funding for the source water protection programs, to delineate ground waters or surface waters that supply wells or intakes to the public water supplies, assess the potential risks to the source waters, collect and manage data on the delineations and assessments, and provide information to the public.

DP 2 - Biological Standards for Waters - The legislature appropriated additional federal funding for 1.00 FTE (\$34,365 in fiscal 2000 and \$34,128 in fiscal 2001) and associated operating costs (\$24,673 in fiscal 2000 and \$24,918 in fiscal 2001) to develop biological criteria and standards as they relate to defining beneficial uses of Montana's lakes and streams. The position will review recent literature and research, conduct biological sampling and habitat assessments, and perform analyses to establish criteria or standards that provide an objective measure of whether beneficial uses are being met. Also included in the appropriation is \$8,132 in fiscal 2000 and \$8,076 in fiscal 2001 for increased indirect costs.

DP 3 - Total Maximum Daily Load - The legislature appropriated additional funding for the Total Maximum Daily Load program. Please see Total Maximum Daily Load in the "Agency Section" for background information on this program. Funding for this adjustment is: 1) general fund - \$327,210 in fiscal 2000 and \$326,690 in fiscal 2001; and 2) federal non-point source pollution control funds - \$176,190 in fiscal 2000 and \$175,910 in fiscal 2001.

DP 4 - Drinking Water State Revolving Fund - Since the department did not hire all the 7.00 FTE or spend all of the \$965,700 federal funds appropriated by the 1997 legislature to implement HB 483 in fiscal 1998, the legislature appropriated additional federal drinking water funds to increase base operating expenditures.

DP 7 - Federal Drinking Water Decrease - The legislature approved an executive request for reductions in operational costs funded with federal drinking water funds.

DP 8 - Decrease in Federal NPS Operations - The legislature approved an executive request for reductions in operational costs funded with federal non-point source pollution control funds.

DP 9 - Federal Wetlands Contract Decrease - Since revenues are not expected to continue at the fiscal 1998 level, the legislature approved an executive request for a decrease in federal wetlands authority used to contract with non-profit organizations.

DP 10 - Indirect Costs - Because the legislature approved an increase in the indirect cost rate charged to all divisions to fund Central Management, the legislature appropriated additional authority in this division to pay the increase. The increase is funded: 1) general fund - \$21,239 in fiscal 2000 and \$20,719 in fiscal 2001; 2) state special revenue - \$5,796 in fiscal 2000 and \$6,685 in fiscal 2001; and 3) federal funds - \$11,584 in fiscal 2000 and \$10,827 in fiscal 2001.

DP 11 - Leased Vehicles - The legislature appropriated funding to lease two 4x4 vehicles to conduct field work for the water and air programs. One vehicle replaces an existing vehicle and the other replaces motor pool vehicles, which often are not available during peak field season on a day to day basis. Funding is: 1) general fund - \$3,474 in fiscal 2000 and \$2,864 in fiscal 2001; 2) state special revenue - \$4,632 in fiscal 2000 and \$4,325 in fiscal 2001; and 3) federal funds - \$14,753 in fiscal 2000 and \$13,691 in fiscal 2001.

DP 12 - Statewide Water Monitoring System - The legislature appropriated additional federal funds to contract for the implementation of a comprehensive, statewide water quality status and trends monitoring system. The information from this system will be used to inform water quality managers and the public about present conditions and changes in water quality statewide, provide an evaluation of statewide beneficial water use support based on a representative sub-sample of waters, and evaluate the effectiveness of water quality management efforts statewide.

DP 13 - Database Conversion - The legislature appropriated additional federal funds as a one-time restricted appropriation to contract for the modification of an air quality database given to the department by EPA. The modifications will accommodate additional tables and reports and migrate the water quality database to the new ORACLE system so the department's air and water quality databases will meet the new state ORACLE standards.

DP 14 - Statewide Fixed Costs - The legislature reduced the fixed cost rates that the Department of Administration charges for rent and data network services. Therefore, less needs to be appropriated in this division's budget for these services.

New Proposals						
		Fiscal 2000	Fiscal 2000	Fiscal 2000	Fiscal 2001	Fiscal 2001
	Description	FTE	General Fund	Total Funds	FTE	General Fund
						Total Funds
1	Particulate Matter 2.5 Monitoring	3.00	0	267,961	3.00	0
2	Federal Clean Water Action Plan	1.00	0	1,220,303	1.00	0
3	HB69-De-earmark State Special Revenue	.00	74,979	0	.00	74,969
	Total New Proposals	4.00	\$74,979	\$1,488,264	4.00	\$74,969
						\$1,489,140

New Proposals

DP 1 - Particulate Matter 2.5 Monitoring - The legislature approved a one-time restricted appropriation of additional federal funding for 3.00 FTE (\$96,133 in fiscal 2000 and \$95,472 in fiscal 2001) and associated operating costs (\$171,828 in fiscal 2000 and \$172,509 in fiscal 2001) to implement ambient monitoring for the new fine particulate criteria

pollutant. EPA has revised the particulate standards in July 1997 down from standards based on a diameter of 10 micrometers to 2.5 micrometers. This change results in a new standard in addition to the existing PM-10 standard. The new revision will provide a regulatory focus on emission control from combustion sources such as automobile exhaust, wood burning, industry, and slash burning. Included in this request is \$22,731 in fiscal 2000 and \$22,574 in fiscal 2001 for increased indirect costs and \$50,000 each year to buy eight air monitors and other equipment.

DP 2 - Federal Clean Water Action Plan - The legislature approved a one-time restricted appropriation of \$1,220,303 in fiscal 2000 and \$1,221,159 in fiscal 2001 of federal funds for non-point source pollution control as a result of the federal Clean Water Action Plan adopted by the federal government at the end of 1998. The plan resulted in additional funding for EPA and other federal agencies. The funds are to be used to implement watershed restoration action strategies developed by federal, state, and local entities, which identify and implement projects for restoration in targeted areas. This appropriation will fund 1.00 FTE (\$34,365 in fiscal 2000 and \$34,128 in fiscal 2001) and associated operating costs and contracts (\$92,295 in fiscal 2000 and \$92,540 in fiscal 2002) to provide analysis on federal environmental assessments and to provide information and education outreach services. Grants for implementation of watershed restoration projects approved through a grant application process are funded at \$1,093,643 in fiscal 2000 and \$1,094,491 in fiscal 2001.

DP 3 - HB69-De-earmark State Special Revenue - HB 69 de-earmarked certain funds from state special revenue appropriations. This adjustment adds \$149,948 general fund over the biennium due to the de-earmarking of alternative energy revenue and reduces state special revenue by a like amount.

Language

"Because of the de-earmarking of alternative energy revenue by House Bill No. 69, item 2 [Planning, Prevention and Assistance Division] has been reduced by \$74,979 in state special revenue funds in fiscal year 2000 and by \$74,969 in state special revenue funds in fiscal year 2001 and general fund amounts have been increased by the same amounts. If House Bill No. 69 is not passed and approved in a form that de-earmarks the state special revenue funds, then the general fund amounts in item 2 [Planning, Prevention and Assistance Division] are reduced by \$74,979 in fiscal year 2000 and by \$74,969 in fiscal year 2001 and the state special revenue amounts are increased by the same amounts."

Program Proposed Budget								
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Leg. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Leg. Budget Fiscal 2001	Total Leg. Budget Fiscal 00-01
FTE	17.50	.00	.00	17.50	.00	.00	17.50	17.50
Personal Services	564,356	166,677	0	731,033	162,737	0	727,093	1,458,126
Operating Expenses	288,036	66,854	0	354,890	65,342	0	353,378	708,268
Equipment	0	0	0	0	0	0	0	0
Debt Service	0	0	0	0	0	0	0	0
Total Costs	\$852,392	\$233,531	\$0	\$1,085,923	\$228,079	\$0	\$1,080,471	\$2,166,394
General Fund	309,192	190,938	0	500,130	188,227	0	497,419	997,549
State/Other Special	225,177	(41,810)	0	183,367	(42,078)	0	183,099	366,466
Federal Special	318,023	84,403	0	402,426	81,930	0	399,953	802,379
Total Funds	\$852,392	\$233,531	\$0	\$1,085,923	\$228,079	\$0	\$1,080,471	\$2,166,394

Program Description

The Enforcement Division is the central control for activities designed to facilitate the enforcement of the statutes and regulations administered by the department. The division develops department enforcement policies and procedures for approval of the director and ensures they are implemented in a consistent manner across the department. A citizen complaint clearinghouse and information tracking system is maintained by the division. The division coordinates the legal and technical aspects of enforcement cases, both administrative and judicial, and monitor violators to determine compliance with department orders.

Funding

Specific funding sources for the division are shown in Table 5. This division is funded primarily with general fund and federal funds, with minor amounts of various state special revenue sources that allow enforcement activity.

Table 5 Enforcement Division 2001 Biennium Funding		
Funding Source	Fiscal 2000	Fiscal 2001
General Fund	\$500,130	\$497,419
State Special Revenue		
Air Quality Construction Permit Fees	\$60,025	\$59,935
Underground Storage Tanks	57,933	57,848
NPDES Permit Program	38,497	38,439
Public Drinking Water	16,657	16,631
Reclamation & Development (RIT)	5,371	5,364
Environmental Quality Protection (RIT)	4,884	4,882
Subtotal	\$183,367	\$183,099
Federal Funds		
EPA Performance Partnership Grant	\$276,739	\$273,323
Non-point Source Pollution Control	62,524	63,563
LUST Trust	37,265	37,208
Reclamation Grant	25,898	25,859
Subtotal	\$402,426	\$399,953
Total	<u>\$1,085,923</u>	<u>\$1,080,471</u>

Present Law Adjustments						
Present Law Description	Fiscal 2000 FTE	Fiscal 2000 General Fund	Fiscal 2000 Total Funds	Fiscal 2001 FTE	Fiscal 2001 General Fund	Fiscal 2001 Total Funds
Statewide Present Law						
Personal Services			166,677			162,737
Inflation/Deflation			2,016			1,691
Fixed Costs			11,470			12,680
Total Statewide Adjustments			\$180,163			\$177,108
Present Law Adjustments						
2 Indirect Costs and Rent	.00	23,046	47,128	.00	22,236	45,391
3 Leased Vehicle	.00	7,620	7,620	.00	6,960	6,960
4 Statewide Fixed Costs	.00	(1,380)	(1,380)	.00	(1,380)	(1,380)
Total PL Adjustments	.00	\$29,286	\$53,368	.00	\$27,816	\$50,971
Present Law Adjustments Total			\$233,531			\$228,079

Present Law Adjustments

The table above shows the changes made by the legislature to the adjusted base budget. Statewide adjustments are standard categories of adjustments globally applied by the legislature to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 2 - Indirect Costs and Rent - Because the legislature approved an increase in the indirect cost rate charged to all divisions to fund the Central Management Division, the legislature provided \$45,682 in fiscal 2000 and \$44,840 in fiscal 2001 of additional appropriations in this division to pay the increase. Also included in the appropriation is \$1,446 in fiscal 2000 and \$551 in fiscal 2001 for additional building rent. The increase is funded by: 1) 49 percent general fund, 18 percent state special revenue, and 33 percent federal funds.

DP 3 - Leased Vehicle - The legislature appropriated \$7,620 general fund in fiscal 2000 and \$6,960 in fiscal 2001 to replace a utility vehicle used in the Billings office with a leased vehicle.

DP 4 - Statewide Fixed Costs - The legislature reduced the fixed cost rates that the Department of Administration charges for rent and data network services. Therefore, less needs to be appropriated in this division's budget for these services.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Leg. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Leg. Budget Fiscal 2001	Total Leg. Budget Fiscal 00-01
FTE	70.00	1.00	.00	71.00	1.00	.00	71.00	71.00
Personal Services	2,276,340	429,295	0	2,705,635	415,584	0	2,691,924	5,397,559
Operating Expenses	7,300,057	(187,860)	0	7,112,197	(61,332)	0	7,238,725	14,350,922
Equipment	0	0	0	0	0	0	0	0
Grants	13,726	16,700	0	30,426	16,700	0	30,426	60,852
Benefits & Claims	0	500,000	0	500,000	500,000	0	500,000	1,000,000
Debt Service	0	0	0	0	0	0	0	0
Total Costs	\$9,590,123	\$758,135	\$0	\$10,348,258	\$870,952	\$0	\$10,461,075	\$20,809,333
General Fund	0	0	0	0	0	0	0	0
State/Other Special	2,370,189	964,266	0	3,334,455	945,630	0	3,315,819	6,650,274
Federal Special	7,219,934	(206,131)	0	7,013,803	(74,678)	0	7,145,256	14,159,059
Total Funds	\$9,590,123	\$758,135	\$0	\$10,348,258	\$870,952	\$0	\$10,461,075	\$20,809,333

Program Description

The Remediation Division is responsible for: 1) overseeing investigation and cleanup activities at state and federal superfund sites; 2) reclaiming abandoned mine lands; 3) regulating, permitting, and licensing underground storage tanks (UST); 4) implementing corrective actions at sites with leaking UST; and 5) overseeing groundwater remediation at sites where agricultural and industrial chemical spills have caused groundwater contamination. The purposes of these activities are: 1) to protect human health and the environment; 2) prevent exposure of potential human and ecological receptors to hazardous or deleterious substances that have been released to soil, sediment, surface water, or groundwater; and 3) ensure compliance with applicable state and federal regulations. The division works closely with the Petroleum Tank Release Compensation Board, which provides financial assistance for cleanup of petroleum contaminated leaking UST sites.

Funding

Specific funding sources for the division are shown in Table 6. State special funding sources include: 1) revenue from the \$0.0075 gas tax for petroleum tank cleanup; 2) 9 percent of the state resource indemnity trust interest (deposited to the environmental quality protection fund); 3) 8.5 percent of the metalliferous mines and a portion of the resource indemnity and groundwater tax revenues (deposited to the orphan share account); and 4) underground storage tank registration fees.

Federal funding sources include: 1) a federal tax on Montana's coal production of which up to 50 percent is returned to the state for abandoned mine reclamation; 2) money from the U.S. Environmental Protection Agency (including superfund, leaking

Table 6 Remediation Division 2001 Biennium Funding		
Funding Source	Fiscal 2000	Fiscal 2001
State Special Revenue		
Petro Storage Tank Cleanup	\$926,718	\$921,510
Environmental Quality Protection (RIT)	807,310	814,763
Orphan Share	538,413	538,220
UST Leak Prevention Program	293,866	274,850
Hazardous Waste CERCLA (RIT)	190,693	189,783
Burlington Northern	174,540	173,765
UST Installer License and Permit	165,603	165,612
ARCO	149,312	149,316
Circle K Settlement	75,000	75,000
Agriculture Monitoring	10,000	10,000
Miscellaneous State Special	3,000	3,000
Sub-total	\$3,334,455	\$3,315,819
Federal		
Abandoned Mines Reclamation	\$3,687,063	\$3,798,156
LUST Trust	1,233,736	1,231,798
Superfund Multi-site	905,243	932,672
Abandoned Mines Special Projects	500,000	500,000
EPA Performance Partnership Grant	360,275	346,219
Superfund Core	292,486	301,411
Department of Defense MOU	35,000	35,000
Sub-total	\$7,013,803	\$7,145,256
Total	\$10,348,258	\$10,461,075

underground storage tank trust, and performance partnership grants); and 3) money from, as of yet, unidentified federal entities that may partner with the division in cleanup activities.

Present Law Adjustments						
Present Law Description	Fiscal 2000 FTE	Fiscal 2000 General Fund	Fiscal 2000 Total Funds	Fiscal 2001 FTE	Fiscal 2001 General Fund	Fiscal 2001 Total Funds
Statewide Present Law						
Personal Services			394,930			381,456
Inflation/Deflation			14,742			12,187
Fixed Costs			40,559			40,629
Total Statewide Adjustments			\$450,231			\$434,272
Present Law Adjustments						
40013 Abandoned Mines Base Reduction	.00	0	(753,963)	.00	0	(604,060)
40023 Silverbow Creek Base Reduction	.00	0	(271,148)	.00	0	(271,148)
40031 Indirect Costs & Rent	.00	0	134,491	.00	0	129,906
40041 Leased Vehicles/Topper	.00	0	8,429	.00	0	6,329
40054 LUST Trust Contracted Services	.00	0	300,000	.00	0	300,000
40064 Hazardous Waste Contracts/Operating	.00	0	184,050	.00	0	181,150
40072 UST Grants/NRIS/Database/Travel	.00	0	140,650	.00	0	132,150
40082 UST One-Stop Licensing	.00	0	12,000	.00	0	12,000
40114 Orphan Share Benefit & Claims	.00	0	500,000	.00	0	500,000
40124 Groundwater Remediation	1.00	0	55,758	1.00	0	52,715
40125 Statewide Fixed Costs	.00	0	(2,363)	.00	0	(2,362)
Total PL Adjustments	1.00	\$0	\$307,904	1.00	\$0	\$436,680
Present Law Adjustments Total			\$758,135			\$870,952

Present Law Adjustments

The table above shows the changes made by the legislature to the adjusted base budget. Statewide adjustments are standard categories of adjustments globally applied by the legislature to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 40013 - Abandoned Mines Base Reduction - Since less funding from the federal grant for reclamation of abandoned and inactive mines is anticipated than was spent in the base year, the legislature reduced contracted services to the level of funding anticipated for the 2001 biennium.

DP 40023 - Silverbow Creek Base Reduction - The legislature approved an executive request to reduce federal superfund money spent on the Silverbow Creek Streamside Tailings project by \$271,148 each fiscal year. Because the state received \$15.0 million from ARCO on February 1, 1999 that will be used for the same purpose, the federal funds are no longer needed. The \$15.0 million in private funds will be taken off-budget if the consent decree in the natural resource damages lawsuit becomes final and will then be available to fund this project.

DP 40031 - Indirect Costs & Rent - Because the legislature approved an increase in the indirect cost rate charged to all divisions to fund Central Management, the legislature approved \$125,162 in fiscal 2000 and \$122,286 in fiscal 2001 of additional appropriations in this division to pay the increase. Also included in the request is \$9,329 in fiscal 2000 and \$7,620 in fiscal 2001 for additional building rent. The increase is funded: 1) state special revenue - \$69,408 in fiscal 2000 and \$66,308 in fiscal 2001; and 2) federal funds - \$65,083 in fiscal 2000 and \$63,598 in fiscal 2001.

DP 40041 - Leased Vehicles/Topper - The legislature appropriated additional funding to lease two pickups from the state motor pool. Also included in the appropriation is \$1,500 in fiscal 2000 to buy a topper. Funding is: 1) underground storage tank fees - \$1,482 in fiscal 2000 and a negative \$22 in fiscal 2001; and 2) federal funds - \$6,947 in fiscal 2000 and \$6,351 in fiscal 2001.

DP 40054 - LUST Trust Contracted Services - The legislature approved a one-time restricted appropriation to spend

federal leaking underground storage tank (LUST) grant carryover funds for contracted services. The money will be used to augment current efforts to investigate and cleanup leaking underground storage tank sites where a responsible party is unable or unwilling to do the work, or where no responsible party can be identified. Most of the funding will be used to pay private contractors for investigation and cleanup, and to respond to emergency situations such as gasoline vapors in buildings.

DP 40064 - Hazardous Waste Contracts/Operating - Because base expenditures were low due to several vacant positions during the base year, the legislature appropriated additional consulting and professional services (\$165,000 each fiscal year) and general operating expenses (\$19,050 in fiscal 2000 and \$16,150 in fiscal 2001) in the Hazardous Waste Site Cleanup Bureau. Funding is: 1) hazardous waste CERCLA RIT - \$120 each fiscal year; 2) environmental quality protection fund RIT - \$86,525 each fiscal year; 3) orphan share account - \$34,700 each fiscal year; and 4) federal funds - \$62,705 in fiscal 2000 and \$59,805 in fiscal 2001.

DP 40072 - UST Grants/NRIS/Database/Travel - The legislature appropriated additional funding for: 1) grants to counties for oversight of third party programs - \$16,700 each fiscal year; 2) information systems development and conversion activities - \$52,600 each fiscal year as a one-time restricted appropriation; 3) increased use of the Natural Resource Information System at the State Library for geographic information system and for internet applications - \$51,000 each fiscal year; 4) two vapor analyzers and a global positioning system - \$8,500 in fiscal 2000; and 5) travel and training for third party certification programs in other states and training trips for inspection, permitting, and information technology staff to trade shows, attendance at the annual underground storage tank conference, and out-of-state training activities - \$11,850 in each fiscal year. Funding is: 1) state special revenue - \$66,453 in fiscal 2000 and \$61,367 in fiscal 2001; and 2) federal funds - \$74,197 in fiscal 2000 and \$70,783 in fiscal 2001.

DP 40082 - UST One-Stop Licensing - The legislature approved a one-time restricted appropriation of underground storage tank leak prevention fees to convert the underground storage tank (UST) databases to implement one-stop licensing by the Department of Revenue.

DP 40114 - Orphan Share Benefit & Claims - Because base expenditures did not reflect full funding of the orphan share program because the department had not yet defended orphan shares or had completed cleanup of the one eligible site, the legislature appropriated \$500,000 each fiscal year as a biennial appropriation from the orphan share account to pay benefits and claims. The 1997 legislature temporarily created the Controlled Allocation of Liability Act through the 2005 biennium in SB 377. It provides an allocation process to determine liability for remedial action cost reimbursements on the portions of hazardous waste sites for which there is no responsible party (called orphan shares). An orphan share account was created to fund the orphan share of remedial action costs and to fund the department costs in defending the orphan share proportions. Beginning in fiscal 2000, the account will receive 8.5 percent of the metalliferous mines tax revenue (approximately \$1,000,000 for the biennium), \$200,000 each fiscal year of resource indemnity trust interest, and \$200,000 each fiscal year of resource indemnity and groundwater tax revenue. Please see Table 2 in the agency section of the Department of Natural Resources and Conservation for a summary of revenues and expenditures from this and other RIT accounts.

DP 40124 - Groundwater Remediation - The legislature appropriated additional federal funds from the EPA performance partnership grant for 1.00 FTE (\$34,365 in fiscal 2000 and \$34,128 in fiscal 2001) and associated operating costs (\$21,393 in fiscal 2000 and \$18,587 in fiscal 2001) to address and resolve groundwater contamination problems at more existing sites and to respond to new sites. The major duties for this position will be to investigate new reports of releases of hazardous substances that may affect groundwater, assess impacts to public health and the environment, and ensure that responsible parties take timely and proper corrective actions to eliminate public exposure to contamination. This position would be in addition to the 1.00 FTE already assigned for the same purpose. Also included in the appropriation is \$8,132 in fiscal 2000 and \$8,076 in fiscal 2001 for increased indirect costs.

DP 40125 - Statewide Fixed Costs - The legislature reduced the fixed cost rates that the Department of Administration charges for rent and data network services. Therefore, less needs to be appropriated in this division's budget for these services.

Language

"If the \$285,000 long-term advance due to the environmental quality protection fund is not repaid in fiscal year 1999, appropriations for the 2001 biennium from this account are restricted to this account only for purposes of 75-10-704 and may not be transferred for other uses."

Program Proposed Budget								
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Leg. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Leg. Budget Fiscal 2001	Total Leg. Budget Fiscal 00-01
FTE	153.45	6.50	.25	160.20	6.50	.25	160.20	160.20
Personal Services	5,443,353	818,694	4,859	6,266,906	762,344	4,823	6,210,520	12,477,426
Operating Expenses	3,325,556	59,326,080	318,963	62,970,599	1,125,185	278,199	4,728,940	67,699,539
Equipment	40,415	(7,800)	0	32,615	(13,800)	0	26,615	59,230
Grants	1,061,223	91,891	0	1,153,114	111,333	0	1,172,556	2,325,670
Transfers	0	0	0	0	0	0	0	0
Debt Service	0	0	0	0	0	0	0	0
Total Costs	\$9,870,547	\$60,228,865	\$323,822	\$70,423,234	\$1,985,062	\$283,022	\$12,138,631	\$82,561,865
General Fund	802,744	274,161	116,000	1,192,905	268,028	78,000	1,148,772	2,341,677
State/Other Special	6,580,382	59,232,359	207,822	66,020,563	1,028,159	205,022	7,813,563	73,834,126
Federal Special	2,487,421	722,345	0	3,209,766	688,875	0	3,176,296	6,386,062
Total Funds	\$9,870,547	\$60,228,865	\$323,822	\$70,423,234	\$1,985,062	\$283,022	\$12,138,631	\$82,561,865

Program Description

The Permitting and Compliance Division administers all DEQ permitting and compliance activities that relate to 25 state regulatory and five related federal authorities. The division: 1) reviews and assesses environmental permit applications (coordinating with other state, local, and federal agencies) to determine control measures needed to ensure compliance with the law and to prevent land, water, and air conditions detrimental to public health welfare, safety and the environment; 2) prepares supporting environmental documents under the Montana Environmental Policy Act and provides training and technical assistance when needed; 3) inspects to determine compliance with permit conditions, laws and rules; and 4) when compliance problems are discovered, provides assistance to resolve the facility's compliance issues, in close coordination with Enforcement Division. Activities are organized in the: Air & Waste Management Bureau (air, asbestos, hazardous waste); Community Services Bureau (solid waste, junk vehicles, public water supply, waste water operators); Environmental Management Bureau (hard rock, facility siting); Industrial and Energy Minerals Bureau (coal, uranium, opencut); and Water Protection Bureau (subdivisions, water).

Funding

This division is funded from general fund and numerous sources of state and federal special revenue. Specific funding sources for the division are shown in Table 7. General fund is used primarily for activities concerning hard rock mining, solid waste management, major facility sitings, and open-cut mining. The largest source of state special revenue funding is from forfeited hard rock mining bonds followed by junk

Table 7 Permitting & Compliance Division 2001 Biennium Funding		
Funding Source	Fiscal 2000	Fiscal 2001
General Fund	\$1,192,905	\$1,148,772
State Special Revenue		
Reclamation Bond Forfeitures	\$57,000,000	\$0
Junk Vehicle Disposal	1,386,890	1,393,333
Reclamation & Development (RIT)	1,285,856	1,282,827
Air Quality Operating Fees	1,231,559	1,226,196
Subdivision Plat Review	931,363	916,671
NPDES Permit Program	719,050	643,453
Public Drinking Water	625,445	616,222
Major Facility Siting	1,129,782	50,439
Hazardous Waste CERCLA (RIT)	507,092	492,874
Solid Waste Management Fees	464,204	462,178
Air Quality Construction Permit Fees	383,180	381,726
Asbestos Control	174,882	166,712
Water & Waste Water Operators	105,006	104,723
Reclamation Hardrock Mining	41,943	41,943
Hazardous Waste Fees	34,311	34,266
Subtotal	\$66,020,563	\$7,813,563
Federal		
EPA Performance Partnership Grant	\$1,946,367	\$1,916,308
Abandoned Mine Reclamation	897,800	895,575
EPA Safe Drinking Water	299,229	298,561
Non-point Source Pollution Control	66,370	65,852
Subtotal	\$3,209,766	\$3,176,296
Total	\$70,423,234	\$12,138,631

vehicle fees, funding from the reclamation and development RIT account, and air quality operating fees. Funding from EPA performance partnership grants provides the largest source of federal funds followed by reclamation grants for coal and uranium mine permitting.

Present Law Adjustments		Fiscal 2000	Fiscal 2000	Fiscal 2000	Fiscal 2001	Fiscal 2001	Fiscal 2001
Present Law Description		FTE	General Fund	Total Funds	FTE	General Fund	Total Funds
Statewide Present Law							
Personal Services				580,592			550,694
Inflation/Deflation				21,059			18,022
Fixed Costs				136,470			147,191
Total Statewide Adjustments				\$738,121			\$715,907
Present Law Adjustments							
1	Subdivision Application Review	2.00	0	113,408	2.00	0	106,831
3	Air Permitting Staff	1.00	0	60,133	1.00	0	60,133
4	Drinking Water/Opencut Field Staff	2.50	0	121,163	2.50	0	113,630
7	Asbestos Control Staff	1.00	0	57,994	1.00	0	54,581
8	Water Protection Lab Tests/Database	.00	0	85,905	.00	0	12,723
9	Subdivision Database	.00	0	50,000	.00	0	40,000
10	Subdivision Contracts/Operating	.00	0	93,000	.00	0	97,000
11	Asbestos Database/Operations	.00	0	38,200	.00	0	33,200
12	Hazardous Waste Consultant Services	.00	0	80,600	.00	0	76,600
13	Hazardous Waste Lab/Space/Travel	.00	0	56,525	.00	0	25,950
14	Smoke Management & Risk Analysis	.00	0	42,000	.00	0	42,000
17	Public Water Supply Operations	.00	0	42,725	.00	0	41,900
18	Junk Vehicle Grants/Operations	.00	0	54,591	.00	0	63,652
20	Drinking Water SRF Set-asides	.00	0	160,000	.00	0	160,000
21	Solid Waste Management Operations	.00	6,437	22,195	.00	6,361	21,936
22	Hard Rock Vehicles/Computers/Equip.	.00	17,727	24,175	.00	15,174	21,075
23	Hard Rock Bond Forfeitures	.00	0	56,962,797	.00	0	(37,203)
25	Coal, Uranium, Opencut Operations	.00	1,451	91,230	.00	1,936	95,730
26	Hard Rock Database Conversion	.00	0	200,000	.00	0	200,000
27	Indirect Costs/Rent/Contracts	.00	24,557	218,394	.00	23,183	203,208
28	Major Facility Siting Act Projects	.00	0	78,675	.00	0	0
29	MT Environmental Policy Act Project	.00	0	829,294	.00	0	(170,706)
30	Air Quality Travel/Lease/Equipment	.00	0	20,975	.00	0	20,150
31	Correction of Base Error	.00	0	0	.00	0	0
32	Statewide Fixed Costs	.00	(1,391)	(13,235)	.00	(1,391)	(13,235)
Total PL Adjustments		6.50	\$48,781	\$59,490,744	6.50	\$45,263	\$1,269,155
Present Law Adjustments Total				\$60,228,865			\$1,985,062

Present Law Adjustments

The table above shows the changes made by the legislature to the adjusted base budget. Statewide adjustments are standard categories of adjustments globally applied by the legislature to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 1 - Subdivision Application Review - The legislature approved a restricted appropriation from subdivision fees for 2.00 FTE (\$68,731 in fiscal 2000 and \$68,255 in fiscal 2001) and associated operating costs (\$44,677 in fiscal 2000 and \$38,576 in fiscal 2001) to assist in reviewing about 7,000 subdivision lots each year. The additional staff will review applications rather than having the reviews completed by contracted consulting firms. Included in the appropriation is \$14,637 in fiscal 2000 and \$14,536 in fiscal 2001 for increased indirect costs.

DP 3 - Air Permitting Staff - The legislature appropriated additional funding from air quality operating permit fees for 1.00 FTE (\$34,356 in fiscal 2000 and \$34,118 in fiscal 2001) and associated operating costs (\$25,777 in fiscal 2000 and \$26,015 in fiscal 2001) to address a backlog in issuing operating permits under federal Clean Air Act amendments Title V and Title III. Included in the appropriation is \$7,904 in fiscal 2000 and \$7,849 in fiscal 2001 for increased indirect costs.

DP 4 - Drinking Water/Open-cut Field Staff - The legislature approved additional funding from public water system fees and the reclamation development RIT account for 2.50 FTE (\$78,204 in fiscal 2000 and \$77,683 in fiscal 2001) and associated operating costs (\$42,959 in fiscal 2000 and \$35,947 in fiscal 2001). The additional staff will implement 1996 amendments to the Safe Drinking Water Act and provide additional assistance (0.50 FTE) in the Kalispell Office. More emphasis will be placed on prioritization of public health risks and upon state assistance to water suppliers. The positions would: 1) increase compliance monitoring and investigations; 2) decrease training needs for contractors; 3) decrease backlog of determinations of groundwater under the direct influence of the surface; 4) increase technical assistance to the regulated community and direct public service; and 5) maintain the delegated program authority. Included in the appropriation is \$16,918 in fiscal 2000 and \$16,787 in fiscal 2001 for increased indirect costs.

DP 7 - Asbestos Control Staff - The legislature appropriated additional funding in the asbestos control program for 1.00 FTE (\$31,811 in fiscal 2000 and \$31,594 in fiscal 2001) and associated operating costs (\$26,183 in fiscal 2000 and \$22,987 in fiscal 2001) to respond to requests for information, process accreditation and permit applications, and assist in field investigations. Funding is: 1) asbestos permit fees - \$47,747 in fiscal 2000 and \$44,947 in fiscal 2001; and 2) federal performance partnership grant funds - \$10,247 in fiscal 2000 and \$9,634 in fiscal 2001. Activities in the program have increased and additional workload increases are anticipated in the next biennium because federal facilities located in Montana are now subject to regulation under the state's Asbestos Control Act. Included in the appropriation is \$6,773 in fiscal 2000 and \$6,727 in fiscal 2001 for increased indirect costs.

DP 8 - Water Protection Lab Tests/Database - Since base operating expenditures do not reflect full staffing, the legislature appropriated additional funding in the Water Protection Bureau for lab tests, travel, and communications (\$10,905 in fiscal 2000 and \$10,723 in fiscal 2001). Funding was also appropriated as a one-time restricted appropriation to convert the Advanced Revelations database to Oracle for the continued access, efficient data entry and retrieval, and reporting for compliance determinations (\$75,000 in fiscal 2000 and \$2,000 in fiscal 2001). Funding is: 1) fees for waste discharge to state waters - \$78,089 in fiscal 2000 and \$5,089 in fiscal 2001; 2) federal non-point source pollution control funds - \$4,941 in fiscal 2000 and \$4,759 in fiscal 2001; and 3) federal performance partnership grant funds - \$2,875 each fiscal year.

DP 9 - Subdivision Database - The legislature approved a one-time restricted appropriation from subdivision lot fees to convert the subdivision database to Oracle (\$50,000 in fiscal 2000 and \$15,000 in fiscal 2001) and appropriated money to replace nine desktop computers (\$25,000 in fiscal 2001). The conversion will enhance the capability to access all available information to properly evaluate the cumulative effects of sewage systems on surface water and ground water quality.

DP 10 - Subdivision Contracts/Operating - The legislature approved a restricted appropriation from subdivision lot fees for: 1) grants to counties - \$60,000 in fiscal 2000 and \$70,000 in fiscal 2001; and 2) operating costs for travel, training, and supplies. The department provides grants to local governments for their review of subdivisions of five or fewer lots. Currently, the department contracts with 17 counties to review these minor subdivisions. The additional operating costs are to improve the capabilities of department staff and county sanitarians to review subdivisions, and allow major revisions to the rules and four technical circulars. Rules were amended in fiscal 1998 to increase reimbursements for county costs by approximately 40 percent. In addition, the department projects a five percent annual increase in the number of lots reviewed by the counties.

DP 11 - Asbestos Database/Operations - The legislature appropriated additional funding from asbestos permit fees to: 1) upgrade and convert asbestos program databases - \$23,000 each fiscal year as a one-time restricted appropriation; and 2) operating costs for travel, office equipment, and protection equipment- \$15,200 in fiscal 2000 and \$10,200 in fiscal 2001. The additional operating costs will be used to develop compliance assistance materials for contractors and homeowners, reconfigure office space, and conduct compliance inspections.

DP 12 - Hazardous Waste Consultant Services - The legislature appropriated additional contracted services in the hazardous waste program to: 1) review work plans and reports submitted by permitted facilities subject to corrective actions; 2) replace the hazardous waste data management database - \$20,000 each fiscal year as a one-time restricted

appropriation; and 3) develop outreach materials for the regulated community - \$12,000. Funding is: 1) hazardous waste/CERCLA RIT - \$25,160 in fiscal 2000 and \$23,680 in fiscal 2001; and 2) federal performance partnership grants - \$55,440 in fiscal 2000 and \$52,920 in fiscal 2001.

DP 13 - Hazardous Waste Lab/Space/Travel - The legislature appropriated additional operating costs in the hazardous waste program for: 1) an anticipated increase in the number of compliance sample analyses - \$12,000 each fiscal year; 2) cost of office reconfiguration with modular dividers - \$29,750 in fiscal 2000 as a one-time restricted appropriation; 3) computer hardware - \$5,250 each fiscal year; and 4) replacing an owned vehicle with a leased vehicle - \$9,525 in fiscal 2000 and \$8,700 in fiscal 2001. Funding is: 1) hazardous waste/CERCLA RIT - \$20,914 in fiscal 2000 and \$9,602 in fiscal 2001; and 2) federal performance partnership grant - \$35,611 in fiscal 2000 and \$16,348 in fiscal 2001.

DP 14 - Smoke Management & Risk Analysis - The legislature appropriated additional funding from air quality construction permit and smoke management fees to: 1) contract for meteorologists and balloon operators to operate an expanded cooperative smoke management program and contract for risk assessments on proposed incineration projects - \$32,000 in fiscal 2000 and \$29,000 in fiscal 2001; and 2) buy additional equipment - \$10,000 in fiscal 2000 and \$13,000 in fiscal 2001.

DP 17 - Public Water Supply Operations - Since the new 7.0 FTE technical staff positions in the public water supply program were vacant in fiscal 1998, the legislature appropriated additional operating expenses to reflect a full staff: 1) contracted services - \$25,000 each fiscal year for technical assistance and inspection services to water suppliers; 2) a leased vehicle for the new Kalispell field office - \$9,525 in fiscal 2000 and \$8,700 in fiscal 2001; 3) travel and communications - \$22,000 in each fiscal year; and 4) reductions in equipment - \$13,800 each fiscal year. Funding is: 1) hazardous waste/CERCLA RIT - \$4,272 in fiscal 2000 and \$4,190 in fiscal 2001; 2) public water supply fees - \$6,410 in fiscal 2000 and \$6,285 in fiscal 2001; and 3) federal performance partnership grant funds - \$32,043 in fiscal 2000 and \$31,425 in fiscal 2001.

DP 18 - Junk Vehicle Grants/Operations - The legislature appropriated additional funding in the junk vehicle program for: 1) grants to counties - \$31,891 in fiscal 2000 and \$41,333 in fiscal 2001; 2) contracted services for an anticipated increase in costs for crushing and recycling of junk vehicles - \$12,000 each fiscal year; 3) one-third of a leased vehicle - \$4,400 in fiscal 2000 and \$4,019 in fiscal 2001; and 4) travel, waste disposal, and legal costs - \$6,300 each fiscal year. Base appropriations include: 1) \$912,294 in grants to counties; and 2) \$2,203 for contracted services.

DP 20 - Drinking Water SRF Set-asides - The legislature appropriated additional federal safe drinking water funds for contracted services (\$155,000 each fiscal year) and operating costs (\$5,000 each fiscal year) for the drinking water state revolving fund program. Although the 1997 legislature appropriated \$965,700 of federal funds in fiscal 1998 for 7.00 new FTE and to implement changes to the drinking water program enacted in HB 483, set-aside projects (those projects from a specific set-aside of a portion of the federal capitalization grant) were not funded in fiscal 1998 and are not in the base. The additional appropriations will fund staffing costs, contracted services for database development and development of a supporting geographical information system database (\$120,000 each fiscal year as a one-time restricted appropriation) and technical assistance to small water suppliers.

DP 21 - Solid Waste Management Operations - Since 3.00 FTE in the solid waste management program were vacant in fiscal 1998 and associated operating costs are not in the base, the legislature appropriated additional funding for travel, training, communications, office supplies, and other expenses. Funding is: 1) general fund - \$6,437 in fiscal 2000 and \$6,361 in fiscal 2001; and 2) solid waste management fees - \$15,758 in fiscal 2000 and \$15,575 in fiscal 2001.

DP 22 - Hard Rock Vehicles/Computers/Equipment - The legislature appropriated additional funding in the hard rock program for leased vehicles (\$9,525 in fiscal 2000 and \$18,225 in fiscal 2001), three computers, microfilming of records, laser survey equipment (\$6,000 in fiscal 2000), supplies and travel. Funding is: 1) general fund - \$17,727 in fiscal 2000 and \$15,174 in fiscal 2001; and 2) reclamation and development RIT - \$6,448 in fiscal 2000 and \$5,901 in fiscal 2001.

DP 23 - Hard Rock Bond Forfeitures - In this adjustment, the legislature makes the necessary changes to base expenditures of \$37,203 each year to approve a \$57,000,000 restricted biennial appropriation to spend hard rock mining reclamation bond forfeitures. The department has eight mine projects in various stages of reclamation using forfeited bond monies. In addition, Zortman Mining has forfeited its bond. Although it is unlikely that the entire amount will be forfeited and spent in the biennium, the appropriation was based on a worst-case scenario of pending compliance and enforcement activities so that no delay in reclamation will occur.

DP 25 - Coal, Uranium, Opencut Operations - The legislature appropriated increases in the coal, uranium, and opencut programs for: 1) expansion of hydrologic database development - \$50,000 each fiscal year as a one-time restricted appropriation; 2) natural resource information system for resource information retrieval - \$15,000 each fiscal year; 3) aerial surveys of coal mines - \$10,000 each fiscal year; 4) vehicle maintenance - \$5,000 each fiscal year; 5) contract for a high school intern - \$4,000 each fiscal year; 6) microfilming old records - \$2,000 in fiscal 2000 and \$3,000 in fiscal 2001; 7) travel; and 8) computer and office equipment. Funding is: 1) general fund - \$1,451 in fiscal 2000 and \$1,936 in fiscal 2001; 2) reclamation and development RIT - \$20,979 in fiscal 2000 and \$22,794 in fiscal 2001; and 3) federal reclamation grant funds - \$68,800 in fiscal 2000 and \$71,000 in fiscal 2001.

DP 26 - Hard Rock Database Conversion - The legislature approved a one-time restricted appropriation of reclamation and development RIT funds each fiscal year for contracted services to convert the operating permit and contract databases in the hard rock and opencut mining program. The databases are no longer supported, do not meet state standards, and are not comparable with federal databases.

DP 27 - Indirect Costs/Rent/Contracts - Because the legislature approved an increase in the indirect cost rate charged to all divisions to fund the Central Management Division, the legislature approved additional appropriations in this division of \$241,507 in fiscal 2000 and \$235,177 in fiscal 2001 to pay the increase. Also included in the appropriation are: 1) rent changes in the Billings and Kalispell offices - an increase of \$5,133 in fiscal 2000 and a decrease of \$3,817 in fiscal 2001; and 2) decreases in federal pass-through contracts to local governments - \$28,246 in fiscal 2000 and \$28,152 in fiscal 2001. The adjustment is funded: 1) general fund - \$24,557 in fiscal 2000 and \$23,183 in fiscal 2001; 2) state special revenue - \$147,499 in fiscal 2000 and \$139,754 in fiscal 2001; and 2) federal funds - \$46,338 in fiscal 2000 and \$40,271 in fiscal 2001.

DP 28 - Major Facility Siting Act Projects - The legislature approved a \$78,675 restricted biennial appropriation to spend fees received for facility siting applications submitted under the major facility siting act. There are approximately seven to 10 project applications that may be received during the biennium. This appropriation is in addition to base appropriations of \$122,532 each fiscal year.

DP 29 - MT Environmental Policy Act Project - In this adjustment, the legislature makes the necessary changes to base expenditures of \$170,706 each year to approve a \$1,000,000 restricted biennial appropriation to prepare environmental impact statements. An environmental impact statement is required by the Montana Environmental Policy Act when an applicant applies to the department for a permit for a project that would result in significant impacts to the environment. Three environmental impact statements are estimated for each year of the 2001 biennium. Fees are paid by the applicant based on preparation costs of the environmental impact statement up to a statutory maximum. If the McDonald Gold project resumes in fiscal 1999, it would be in the final stages of completion during the 2001 biennium.

DP 30 - Air Quality Travel/Lease/Equipment - The legislature appropriated increased funding from air quality operating permit fees for: 1) travel - \$6,900 each fiscal year; 2) leasing a sport utility vehicle - \$9,525 in fiscal 2000 and \$8,700 in fiscal 2001; and 3) computers and office equipment - \$4,550 each fiscal year.

DP 31 - Correction of Base Error - Due to an error on the new budgeting system, 1.05 base FTE and associated fiscal 1998 operating expenditures were not included in the Executive Budget. The legislature approved the reinstatement of the 1.05 FTE and associated operating expenditures, funded from federal non-point source pollution control funds. Because these changes were made to the base, there are no changes reflected in present law.

DP 32 - Statewide Fixed Costs - The legislature reduced the fixed cost rates that the Department of Administration charges for rent and data network services. Therefore, less needs to be appropriated in this division's budget for these services.

New Proposals						
Description	Fiscal 2000 FTE	Fiscal 2000 General Fund	Fiscal 2000 Total Funds	Fiscal 2001 FTE	Fiscal 2001 General Fund	Fiscal 2001 Total Funds
2 Pegasus/Apollo Gold Bond Litigation	.00	116,000	116,000	.00	78,000	78,000
3 SB 166-Abandoned Vehicle Removal	.25	0	207,822	.25	0	205,022
Total New Proposals	.25	\$116,000	\$323,822	.25	\$78,000	\$283,022

New Proposals

DP 2 - Pegasus/Apollo Gold Bond Litigation - The legislature approved a one-time restricted general fund appropriation to fund potential litigation with surety companies holding the bonds for the former Pegasus Gold Corporation and the newly formed Apollo Gold Corporation which resulted from the Chapter 11 bankruptcy reorganization of the former Pegasus Gold Corporation. Potential litigation include: 1) litigation with the surety company if they cancel the bond which provides zero-coupon bonds for perpetual water treatment at the Zortman-Landusky site; 2) litigation with the surety company if it cancels the bond at Montana Tunnels, Inc.; and 3) defense against any litigation initiated by the surety company regarding its request for a reduction of the Montana Tunnels reclamation bond.

DP 3 - SB 166-Abandoned Vehicle Removal - The legislature appropriated additional abandoned vehicle fee money to implement provisions of SB 166 and hire to 0.25 FTE. The legislation: 1) allows the sheriff of a county or the chief of police of a city in which the abandoned vehicle is stored to request reimbursement from the program for hired removal charges; 2) allows money received from the sale of junk vehicles or from vehicle recycling to be used for the removal of abandoned vehicles; and 3) stipulates that appropriations for abandoned vehicle removal is subject to the availability of funding.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Leg. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Leg. Budget Fiscal 2001	Total Leg. Budget Fiscal 00-01
FTE	10.00	.00	.00	10.00	.00	.00	10.00	10.00
Personal Services	318,163	20,976	0	339,139	19,731	0	337,894	677,033
Operating Expenses	213,008	64,209	0	277,217	63,866	0	276,874	554,091
Equipment	0	0	0	0	0	0	0	0
Debt Service	0	0	0	0	0	0	0	0
Total Costs	\$531,171	\$85,185	\$0	\$616,356	\$83,597	\$0	\$614,768	\$1,231,124
State/Other Special	531,171	85,185	0	616,356	83,597	0	614,768	1,231,124
Total Funds	\$531,171	\$85,185	\$0	\$616,356	\$83,597	\$0	\$614,768	\$1,231,124

Program Description

The Petroleum Tank Release Compensation Board is attached to the Department of Environmental Quality for administrative purposes only. The board is responsible for administering the petroleum tank release cleanup fund. This includes reimbursement to petroleum storage tank owners and operators for corrective action costs and compensation paid to third parties for bodily injury and property damage resulting from a release of petroleum from a petroleum storage tank. The board is responsible for responding to and working with private individuals, corporations, other state agencies, the Governor's office, the legislature, federal agencies, other interested parties with activities relative to petroleum storage tanks. The Board funds 14.68 FTE within the Remediation Division of DEQ. Although the table above shows a staff of 10.00 FTE for the Board, HB 617 disallows the Board from hiring its staff.

Program Reorganization

HB 617 revises the makeup of the Petroleum Tank Release Compensation Board and makes significant changes in the staffing pattern of the petroleum tank cleanup program. The legislation removes the allowance for the board to hire and pay staff (the department must provide staff support) and requires the board to pay costs of review and processing claims for reimbursement submitted by tank owners and operators. Although the legislation disallows the board from hiring its own staff, the 10.00 FTE and \$677,033 in personal services appropriated in HB 2 for the Petroleum Tank Release Compensation Board program remain in this program.

Funding

Operating costs for the Petroleum Tank Release Compensation Board are funded by a portion of the \$0.0075 tax on gasoline, diesel, heating oil, and aviation fuel distributed within Montana and are appropriated in HB 2. Reimbursements to owners and operators are paid from the same revenue source through a statutory appropriation.

Present Law Adjustments							
Present Law Description		Fiscal 2000 FTE	Fiscal 2000 General Fund	Fiscal 2000 Total Funds	Fiscal 2001 FTE	Fiscal 2001 General Fund	Fiscal 2001 Total Funds
Statewide Present Law							
	Personal Services			20,976			19,731
	Inflation/Deflation			987			899
	Fixed Costs			5,976			5,986
	Total Statewide Adjustments			\$27,939			\$26,616
Present Law Adjustments							
1	Legal Fees & Court Costs	.00	0	39,401	.00	0	39,401
2	Indirect Costs	.00	0	10,159	.00	0	9,894
3	Travel, Supplies, Communication	.00	0	8,000	.00	0	8,000
5	Statewide Fixed Costs	.00	0	(314)	.00	0	(314)
	Total PL Adjustments	.00	\$0	\$57,246	.00	\$0	\$56,981
	Present Law Adjustments Total			\$85,185			\$83,597

Present Law Adjustments

The table above shows the changes made by the legislature to the adjusted base budget. Statewide adjustments are standard categories of adjustments globally applied by the legislature to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 1 - Legal Fees & Court Costs - The legislature appropriated increased funding for costs associated with anticipated litigation resulting from additional contested case hearings, third party applications, and class action suits.

DP 2 - Indirect Costs - Because the legislature approved an increase in the indirect cost rate charged to all divisions to fund Central Management, the legislature provided additional funding in this division to pay the increase.

DP 3 - Travel, Supplies, Communication - Since positions were vacant in fiscal 1998 and base expenditures do not reflect operating costs associated with the positions, the legislature appropriated additional funding for travel, supplies, and communications.

DP 5 - Statewide Fixed Costs - The legislature reduced the fixed cost rates that the Department of Administration charges for rent and data network services. Therefore, less needs to be appropriated in this division's budget for these services.